What is claimed is:

- 1 1. A method of matching a level of risk to an expected return for a financial
- 2 product, the method comprising:
- 3 selecting a first and a second investment option;
- 4 selecting a duration;
- 5 calculating a risk and a corresponding return on investment for each of
- 6 said investment options based on said duration; and
- 7 calculating an efficient frontier between said first and second investment
- 8 options, said efficient frontier defining a plurality of risks and corresponding
- 9 expected returns on investment for said financial product.
- 1 2. The method of claim 1, wherein said first investment option is a low risk
- 2 option.
- 1 3. The method of claim 1, wherein said first investment option is a borrowing
- 2 rate.
- 1 4. The method of claim 1, wherein said second investment option is a higher
- 2 risk option than said first investment option.
- 1 5. The method of claim 1, wherein said duration is a duration of said financial
- 2 product.
- 1 6. The method of claim 1, wherein said financial product is an automobile
- 2 loan.
- 1 7. The method of claim 1, wherein said corresponding return on investment
- 2 for each of said investment options are calculated by
- determining an estimated lifetime net income for said investment option;

4	determining an estimated lifetime annualized net income for said
5	investment option; and

- 6 dividing said estimated lifetime net income by said annualized net income.
- 1 8. The method of claim 1, wherein said efficient frontier is calculated by
- 2 identifying a slope of a frontier between said first and said second investment
- 3 options.
- 9. A method of evaluating an application for a financial product, the methodcomprising:
- establishing an efficient frontier defining a plurality of expected returns on investment associated with a plurality of risks of loss;
- 5 receiving application data defining an application for a financial product;
- estimating a calculated risk of loss associated with said application;
- calculating, based at least in part on said expected loss data, a calculated
 return on investment of said application; and
- comparing said calculated return on investment to an expected return on
 investment associated with said calculated risk of loss.
- 1 10. The method of claim 9, further comprising:
- approving said application if said calculated return on investment is
- 3 greater than or equal to said expected return on investment associated with said
- 4 calculated risk of loss.
- 1 11. The method of claim 9, further comprising:
- 2 rejecting said application if said calculated return on investment is less
- 3 than said expected return on investment associated with said calculated risk of
- 4 loss.
- 1 12. The method of claim 9, further comprising:

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2	increasing a price of said financial product if said calculated return on	
3	investment is less than said expected return on investment associated with s	aid
4	calculated risk of loss;	
5	wherein said price is selected to increase said calculated return on	
6	investment.	
1	13. A method of pricing a financial product, comprising:	
2	establishing an efficient frontier defining a plurality of expected returns	on
3	investment (ROI) associated with a plurality of risks of loss;	
4	receiving application data defining an application for a financial produc	:t;
5	selecting a price for said financial product;	
6	calculating, based at least in part on said application data, expected c	ash
7	flow data;	
8	calculating, based at least on said expected cash flow data and said p	rice,
9	a potential ROI for said application;	
10	comparing said potential ROI with said expected ROI at a given risk o	F
11	loss; and	
12	approving said application with said price if said potential ROI is within	ıa
13	target range of said expected ROI.	
1	14. The method of claim 13 wherein said application data includes at least	t
2	one of: applicant information; collateral information; and payment information	i.
1	15. The method of claim 13, further comprising:	
2	repeating said selecting a price, calculating expected cash flow data,	and
3		
4	calculating a potential ROI if said potential ROI is not within said targe	ŧ
5	range.	

wherein said calculating comprises:

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The method of claim 13, further comprising calculating expected loss data,

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3	executing an account level loss forecast model;
4	executing a termination event model; and
5	calculating an expected loss in response to the execution of the account
6	level loss forecast model and the execution of the termination event model.
1	17. A method for matching a level of risk to an expected return for a financial
2	product, the method comprising:
3	selecting a first investment option, wherein said first investment option is a
4	low risk option;
5	selecting a second investment option, wherein said second investment
6	option is a higher risk option than said first investment option;
7	determining an estimated lifetime net income for said first and second
8	investment options;
9	determining an estimated lifetime annualized net income for said first and
10	second investment options;
11	dividing said estimated lifetime net income by said annualized net income
12	for said first and second investment options to determine a corresponding return
13	on investment for each of said first and second investment options;
14	calculating a risk for each of said corresponding returns on investment
15	each of said investment options based on said duration; and
16	calculating an efficient frontier between said first and said second
17	investment options, said efficient frontier defining a plurality of risks and
18	corresponding returns on investment for said financial product.
1	18. A system for for matching a level of risk to an expected return for a
2	financial product having a duration, the system comprising:
3	a processor;
4	a communications device, in communication with said processor; and
5	a memory unit in communication with said processor and storing a
6	program, wherein said processor is operative with said program to:
7	select a first investment option and a second investment option;

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8	calculate a risk and a corresponding return on investment for each
9	of said investment options based on said duration; and
10	calculate an efficient frontier between said first and said second
11	investment options, said efficient frontier defining a plurality of risks and
12	corresponding returns on investment for said financial product.
1	19. An apparatus for matching a level of risk to an expected return for a
2	financial product having a duration, the system comprising:
3	means for selecting a first and a second investment option;
4	means for calculating a risk and a corresponding return on investment for
5	each of said investment options based on said duration; and
6	means for calculating an efficient frontier between said first and said
7	second investment options, said efficient frontier defining a plurality of risks and
8	corresponding returns on investment for said financial product.
1	20. A system for pricing a financial product, comprising:
2	a processor;
3	a communications device, in communication with said processor, receiving
4	application data defining an application for a financial product;
5	a memory unit in communication with said processor and storing a
6	program, wherein said processor is operative with said program to:
7	establish an efficient frontier defining a plurality of expected returns
8	on investment (ROI) associated with a plurality of risks of loss;
9	select a price for said financial product;
10	calculate, based at least in part on said application data, expected
11	cash flow data;
12	calculate, based at least on said expected cash flow data and said
13	price, a potential ROI for said application;
14	compare said potential ROI with said expected ROI at a given risk
15	of loss; and

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- 16 approve said application with said price if said potential ROI is within a target
- 17 range of said expected ROI.